

STOP ERRORS IN CREDIT USE AND REPORTING (SECURE) ACT OF 2014

Credit reports and credit scores are increasingly important for consumers. These reports affect access to credit, employment, and even housing. But too often credit reports are riddled with errors. In its 2013 report, the Federal Trade Commission found that one in five consumers had an error on at least one of their credit reports. For half of those consumers, those errors were significant enough to impact their credit score. Those errors can have a devastating impact on consumers. Compounding this is the difficulty consumers face preventing and correcting errors on their credit reports.

Under the Fair Credit Reporting Act (FCRA), credit reporting agencies (CRAs) are required to “follow **reasonable procedures to assure maximum possible accuracy**” of information contained in credit reports, but reports still contain far too many preventable errors. Consumers find themselves trapped in a maze of dispute procedures and feel powerless to stop incorrect information from ruining their lives.

The *Stop Errors in Credit Use and Reporting (SECURE) Act of 2014* proposes commonsense changes to the credit reporting industry that would:

- (1) make credit reports more accurate from the beginning;
- (2) ensure that consumers are heard when they dispute information in their credit report;
- (3) provide consumers with a free, meaningful credit score once a year;
- (4) require CRAs and data furnishers to conduct meaningful investigations when consumers file disputes;
- (5) provide additional tools to agencies to adequately regulate and supervise credit reporting agencies; and
- (6) give consumers better legal tools to enforce their rights under the FCRA.

The *SECURE Act* provides:

Increased Requirements on CRAs and data furnishers

- Requires CRAs to pass along documentation sent by consumers to data furnishers and requires data furnishers to consider the documentation in their re-investigation;
- Requires CRAs to gather and report information on disputes and their resolution;
- Directs the CFPB to establish minimum procedures that a CRA must follow to ensure maximum possible accuracy of consumer reports;
- Prevents CRAs from ignoring new or additional information provided by a consumer that is relevant to an on-going dispute.

More Disclosure to Consumers

- Ensures that consumers get the information they need to understand their credit reports by enabling consumers to
 - understand how their credit report is being used and by whom,
 - identify and correct errors on their report, and
 - see the same information that is used by lenders to deny a consumer credit or increase interest rates; and
- Provides consumers with access to meaningful credit scores free of charge annually.

Regulatory Reforms

- Creates a national registry of CRAs so that consumers know which companies are collecting and disseminating information about them; and
- Directs the Government Accountability Office to conduct a study of existing public credit reporting systems and evaluate the feasibility, as well as the costs and benefits, of creating a national credit reporting system in the United States.

Legal Redress

- Provides for injunctive relief as a remedy for consumers who sue CRAs under the FCRA; and
- Holds CRAs accountable to the FTC for negligent violations of the FCRA.

The *SECURE Act* was introduced by Senators Brian Schatz (D-HI) and Sherrod Brown (D-OH) and cosponsored by Senators Bernie Sanders (I-VT), Elizabeth Warren (D-MA), and Richard Blumenthal (D-CT). It is supported by Consumers Union, the National Consumer Law Center (NCLC), the National Association of Consumer Advocates (NACA), Demos, U.S. PIRG, and Consumer Action.